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7 October 1976

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MEMORANDUM FOR:

Chief, Policy & Plans Division, IC Staff

SUBJECT : NI Comment on Perspectives for Intelligence,
Part III

1. We congratulate the drafter of Part III for the clarity with which he has set forth the Intelligence Community's problem of trying to satisfy an ever increasing demand for intelligence from an ever increasing number of consumers at the same time that the resources available to the Intelligence Community are dwindling.

2. We are, on the other hand, considerably less satisfied with the answers the drafter supplies program managers to solve their planning and programming problems -- at least to those program managers who produce finished intelligence.

a. Reducing Duplication: Individual program managers do not ordinarily have duplication within their own programs. The duplication occurs from one program to another.

b. Narrowing Effort in Some Areas and Dropping Lower Priority Projects: The response of program managers to just this guidance in the past several years has been largely responsible for some of the main problems the analytical community currently faces. Basic research in the military-economic area, for example, was narrowed down to the point that our data bases are now sorely out of date and we cannot estimate with any particular confidence in this vital area. In many areas, today's low priority will be tomorrow's top priority; prudence is very much in order. Analysis on Spain and Portugal and on Southern Africa are examples of low priority activities that were cut back so far that the analytical community was barely able to respond when crises arose.

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c. Stretching Out Programs: This guidance is akin to that in the paragraph above; following it entails many of the same risks. In addition, stretching out programs may very well violate negotiated deadlines with consumers and thus would violate the guidance elsewhere in Part III to respond to consumers rapidly.

d. Resisting Peripheral Consumers: The problem here is that individual program managers are not ordinarily in a position to judge which consumers are indeed peripheral, particularly during a period in which the numbers of consumers are growing. Executive Order 11905, for instance, directs the DCI to facilitate the use of the intelligence product by Congress. Which Congressmen are peripheral consumers? Probably only the DCI and the OLC know for certain.

3. We see, in other words, substantial shortcomings in the guidance provided to finished intelligence program managers. Essentially, the guidance tells the program managers to take on the new work and new consumers and find the necessary resources as best he can.

4. Instead of trying to slip between the horns of the shrinking resource-growing demand dilemma, we believe that the guidance should grab hold of one of them. The approach could be that new subjects and new consumers are not to be accepted until new resources are provided. Alternatively, program managers could be told which new consumers and subjects they may accept and which old subjects and consumers they may discard; program managers could then rearrange their resources appropriately. Unless one of these two approaches is taken, no real guidance has been given.

[Redacted]
Executive Officer
National Intelligence

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Attachment
Part III

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public disclosure which compromises them and facilitates the development of countermeasures to frustrate them. Thus an essential aspect of the intelligence mission will be our ability to maintain the necessary secrecy of operations while satisfying legitimate public interest in their legality and propriety.

PART III. IMPLICATIONS FOR INTELLIGENCE PLANNING AND RESOURCE MANAGEMENT

1. The Planning Environment. Servicing the ever-widening needs of US foreign policymakers and national defense leaders for intelligence information requires us to continually improve the capabilities of our intelligence apparatus. Critical to the satisfaction of those needs are the quality of means, expertise, and the alacrity of intelligence response.

In assisting the President to achieve a balanced national budget before 1980, the Intelligence Community will emphasize in its planning effort the attainment of enhanced capability at the lowest possible expense to the Government. This is a most formidable challenge at a time when costs continue to rise, especially in the continued development of unique technologies—the mainstay of our vast information collection system. Our dependency on such technologies and their improvements will increase as the world becomes a smaller place and as each nation raises high barriers against the “intelligence” reach of other powers. Technological advancement is accelerating among an increasing number of nations, enhancing the capability of each to counter or thwart intelligence collection initiatives by another. While we are convinced of US worldwide superiority today in the technologies of intelligence, the high levels of spending required annually to maintain our lead limits resource allocation decisions in other areas. In addition to these basic concerns, other adversities are rising to limit the effectiveness of our technical collection network, e.g., increasing vulnerability of US space satellites (intelligence) to hostile initiatives, a lessening in the number of our intelligence space vehicles, and less certainty of US opportunity to continue technical collection from bases in foreign territory.

Planning for improved capabilities in all areas of intelligence, for both the near and longer term, will center, therefore, on resource/capability tradeoffs and innovation in the application of current assets. The Committee on Foreign Intelligence (CFI) and senior managers throughout the Community will face harder decisions entailing higher risks; particularly in those decisions which call for relatively expensive multiyear investment in collection technologies. For example, a Part I statement keyed to the decision process is that the relationship between the US and the USSR during this period will probably continue to be marked by an absence of armed conflict.

The fact is that Soviet strategic threat capabilities, China's military development, and crisis monitoring continue as our major concerns,

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consuming about three-fourths of our resources annually. Emerging needs tend to emphasize more global demands concerned with bi-national and multi-national political relationships, international economic problems and instabilities, and interdependent socio-political problems such as terrorism, law of the sea problems, and the aspirations of the lesser developed nations.

This situation is further exacerbated by the trend to exploit national reconnaissance for war-fighting intelligence support purposes. The costs and foreign policy implications of this development are an expressed concern of the President and Congress.

Without fiscal augmentation, the implied trade-off is unavoidable. Where else can Community managers find additional resources to meet emerging needs except in those priority areas of our greatest resource concentration? The remaining quarter of our resources is dedicated to those world areas and problems which are the very focus of our emerging needs.

In sum, continued fiscal constraints are forcing us to make hard choices between intelligence for our policymakers which will allow them to formulate policies for war-avoidance and containment of international instabilities, and intelligence capabilities for contingencies related to U.S. force involvement over the entire war spectrum. In this sense, our intelligence resource allocation problem is a microcosm of the national resource allocation problem.

2. Guidelines for Planning. The likelihood is greater now than in the past that localized economic, social, political and military events will interact with the real or perceived power relationships of the major power blocs in ways which will engage priority US national interests. This has created a busier substantive arena for the Intelligence Community. Not only is there an increase in the number of problems that require simultaneous handling—and this may increasingly tend to overload some existing mechanisms—there is a lessening of time available for the Community to recognize and alert policymakers to significant new developments. To meet these demands, intelligence planners and programmers must be ready to consider new ideas in the critical functions of collection and production of intelligence. Collection

Fiscal constraints will continue to place greater emphasis upon program justification and corporate forms of management. Primary collection managers must place greater emphasis upon substantive planning and programming requirements and priorities in the justification of their program proposals. This situation demands that collection managers have a greater familiarity with each other's programs and proposals to assure that duplication and inefficient redundancies are avoided. The ad hoc nature of past efforts in this area must be replaced by more sophisticated mechanisms designed to enhance more meaningful exchanges between collection managers relative to each other's programs and justifications related to the requirements where major expenditures are involved.

→ **COLLECTION**
There are a number of key problem areas related to the needs associated with the Perspectives which impact upon collection management.

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- > • The paradox of continuing in a near static fiscal scene to operate against high priority needs involving the Soviet Union and PRC while, at the same time, expanding to more global capabilities associated with primarily political and economic needs demands our attention. Simply stated, programs must reflect the views we are expressing with respect to stated needs.
- > • The nature of our expanding needs suggests that we must give increased attention to the organization and collection of overt and semi-overt materials. We must know the degree to which we can look to this area to support our needs before using more expensive technical and clandestine assets. It may be that a reasonably small investment devoted to better organization and collection in this area can provide significant gains related to our new needs.
- > • The current activities with respect to our national reconnaissance vulnerabilities and the related problem of exploitation of these assets for war-fighting intelligence purposes tends to emphasize hardware approaches.
- > • Greater attention needs to be given to the impact of this trend in terms of our global peacetime requirements as they relate to performance, costs, and the foreign policy implications of proposed directions. The President and Congress have expressed explicit concern with this area. Greater attention must be given to the contribution of intelligence-related collection assets to national needs. National program collection managers need to be familiar with this contribution to assure that duplication of effort is avoided. Additionally, Congressional concerns with intelligence-related expenditures and their relationship to the national program requires a more detailed knowledge in this instance.

Production

Paralleling collection, increasing demands will be placed on the production function while fiscal constraints will remain relatively static. Identifying consumer markets, determining their intelligence needs, and providing finished products rapidly and in forms which increase their utility will be the key to meeting these demands.

Throughout the program period the intelligence market will continue to be dominated by traditional national security consumers—the President and member agencies of the National Security Council. However, new Executive Branch consumers must be anticipated and planned for as well as Congress and even the public at large. The proliferation of ad hoc committees, councils, boards and agencies which have come into being to handle international commercial and financial relations associated with foreign policy considerations will all demand intelligence support. The recent investigations of the Intelligence Community by select committees of the Congress have had the effect of expanding the consumer market for national intelligence as the Legislative Branch demands more information on which to base its decisions. The extent of this “new” market for intelligence has yet to manifest itself, but

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as new issues in the international environment described in Parts I and II develop, increased demands for intelligence must also be anticipated.

Determining the nature and extent of existing and new intelligence markets will provide some insight and illumination into the question of what must be produced. The national security market will continue to demand finished intelligence on the military capabilities and intentions of the communist countries. With no lessening of interest in these traditional areas of intelligence concern, events in both the industrialized and less developed nations in the non-communist world will take on new significance as intelligence problems. These problems will be increasingly transnational and interdisciplinary in nature, complicating and sharpening the analytic processes. Crisis monitoring will continue to be a key production problem, however, the previous politico-military nature of this function must be modified to enable the prediction of economic and scientific concerns as well. Indeed, predicting energy, environmental, or food crises could impose the same crisis reporting load on intelligence resources as a political coup.

The problem of identifying existing and new markets for national intelligence along with increased emphasis on traditional and new subjects for production will force hard choices. Production managers must devise improved means for determining what their consumers need and how well those needs are being met. The decision to commit resources must be based on a demonstrably important consumer interest. In the traditional areas of production—communist military capabilities and intentions—choices must be made concerning “how much is enough.” The new demands for national intelligence on economic issues, energy, social change, can only be given adequate production consideration if unnecessary duplication in the traditional areas is eliminated.

The paramount problem for management in the coming years will be how best to balance the demands of the busier intelligence market with the capacity to produce thorough, timely, and objective intelligence with limited analytical resources. This balancing act calls for management at levels to be more critical in determining issues which are the most pressing, choosing the right organization for production, and taking calculated risks in not producing intelligence products with marginal utility. Management will have to be more circumspect about which requests for intelligence it will honor, how much support should be given to Congress, to Executive Branch components outside the formal national security arena, and even to the public. This can only be done by narrowing our focus of effort in some areas, dropping lower priority projects, and stretching out some programs. The Intelligence Community's propensity to want to satisfy a growing number of peripheral consumers must be resisted unless such demands can be met as a by-product of, or spin-off from, other production.

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